SUPREME COURT, U. S.

JUN 15 1961

JAMES R. BROWNING, Clerk

IN THE

Supreme Court of the United States

OCTOBER TERM, 196[redacted]

NO. [redacted] 13

LOCAL 164, LOCAL 1287, AND LOCAL 1010, each affiliated with THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND DAVID W. JOHNS, AGENT FOR LOCAL 164,

Petitioners,

v.

THE NATIONAL LABOR RELATIONS BOARD,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

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INDEX

	Page
Opinion Below	2
Jurisdiction	2
Question Presented	2
Statutes Involved	2
Statement	3
A. *The Facts.*	3
B. *Proceedings Below.*	4
Reasons for Granting the Writ	5
Conclusion	10
Appendix A	11

TABLE OF CASES

Association of Westinghouse Salaried Employees v. Westinghouse Electric Co., 348 U.S. 437	8
Local 24, Teamsters Union v. Oliver, 358 U.S. 283	5, 9
Local 1976, United Brotherhood of Carpenters v. N.L.R.B., 357 U.S. 93	9
N.L.R.B. v. American National Insurance Company, 343 U.S. 395	5, 6, 8, 9
N.L.R.B. v. Wooster Div. of Borg-Warner Corp., 356 U.S. 342	5, 8
Order of Railroad Telegraphers v. Railway Express Agency, Inc., 321 U.S. 342	6
Shell Oil Co., 77 NLRB 1036	8

STATUTES

Labor Management Relations Act (61 Stat. 136, 29 U.S.C. Sec. 151, *et seq.*)—	
Section 8 (b) (3)	2, 4
Section 8 (d)	3, 5, 6, 8, 9
Miller Act, 40 U.S.C. 270 A, 49 Stat. 793	8, fn. 3

IN THE

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OCTOBER TERM, 1960

LOCAL 164, LOCAL 1287, AND LOCAL 1010, each affiliated with THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND DAVID W. JOHNS, AGENT FOR LOCAL 164,

Petitioners,

v.

THE NATIONAL LABOR RELATIONS BOARD,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

Petitioners pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the District of Columbia, entered in the above-entitled case on April 27, 1961. Such judgment affirmed an order of the National Labor Relations Board directing such petitioners to refrain from insisting upon inclusion in a proposed col-

lective agreement with a painting contractor of a clause requiring such contractor to post a performance bond as a means of insuring compliance with the terms of such agreement, and from engaging in a strike to that end, such conduct being found by the Board to be a violation of Section 8 (b) (3) of the National Labor Relations Act, as amended.

OPINION BELOW

The opinion of the Court of Appeals below is not yet reported and is attached hereto as Appendix A. See also R. 33.

JURISDICTION

The judgment of the Court of Appeals was entered on April 27, 1961, but the decree has not yet been entered.

The jurisdiction of this Court is invoked under 28 U.S.C. Sec. 1254.

QUESTION PRESENTED

Whether petitioners were guilty of a failure to bargain in good faith in violation of Section 8 (b) (3) of the National Labor Relations Act by insisting, as a condition to agreement, that the collective bargaining contract contain a provision requiring the employer to post a performance bond to insure compliance with the terms of the agreement.

STATUTES INVOLVED

The pertinent provisions of the Labor-Management Relations Act, 1947 (61 Stat. 136, 29 U.S.C. Section 151, *et seq.*), are Section 8 (b) (3):

> "It shall be an unfair labor practice for a labor organization or its agents—
>
> "(3) to refuse to bargain collectively with an employer, provided it is the representative of his

employees subject to the provisions of section 9 (a);"

and Section 8 (d):

> "(d) For the purposes of this section, to bargain collectively is the performance of the mutual obligation of the employer and the representative of the employees to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement, or any question arising thereunder, and the execution of a written contract incorporating any agreement reached if requested by either party, but such obligation does not compel either party to agree to a proposal or require the making of a concession: . . ."

STATEMENT

A. *The Facts*

The facts in this case have been stipulated and are as follows:

Petitioners are a national labor organization, together with three of its local union affiliates, and an individual representative of one of these affiliates, petitioner Local 164, located in Jacksonville, Florida. During the course of annual negotiations with a painting contractor doing business as A. D. Cheatham Painting Company of Jacksonville, Florida, Local 164 requested that the contractor include in the collective agreement the following clause:

> "Section 12: As a protection against possible violations of any of the terms or conditions of this collective agreement, the undersigned agrees to post a bond of $5,000, which bond will be forfeited and paid to the union in the event that it is found by the Joint Trade Board hereunder that said contractor has committed any substantial breach of this agreement or has failed to comply with any of the terms or conditions of employment specified thereunder." (R. 2).

The union had requested this clause because during the preceding contract term it had trouble with this contractor over compliance (R. 6).[1] The clause is similar to one which the International Union and its affiliates had entered into with various other contractors throughout the country (R. 3).

Except in an instance not relevant here, agreement upon all other terms of the collective contract was arrived at between the parties, but upon the contractor's continued refusal to incorporate the clause, the Union called a strike to enforce its request in which strike it was assisted by the other petitioners (R. 3).

B. *Proceedings Below.*

Upon the filing of charges by contractor Cheatham, the Board issued a complaint against petitioners alleging that the insistence by petitioners to the inclusion of the performance bond clause in the contract to the point of strike action constituted refusal to bargain in good faith in violation of Section 8 (b) (3) of the National Labor Relations Act, as amended. The parties having stipulated the facts necessary for a determination, and having waived the right to a hearing before a Trial Examiner, the Board, on March 7, 1960, issued its Decision and Order in which it held that the petitioners had violated Section 8 (b) (3) of the Act by conditioning the contractual agreement with the inclusion of the performance bond provision. The only evidence of "bad faith" in bargaining by the Union was such insistence, and the Board found that the clause in question was a legal one which could voluntarily have been agreed upon by the parties but which, nevertheless, constituted a non-mandatory subject matter of collective bargaining

[1] The amount of the bond was at all times open for negotiation; the employer refused to agree to a bond in any amount (R. 3).

under the Act, particularly Section 8 (d) thereof (R. 15). The Board thereupon entered its order directing petitioner to cease from insisting upon such clause or to engage in strike action to obtain its inclusion in the collective agreement (R. 8).

Thereafter, petitioners filed a petition to review such order with the United States Court of Appeals for the District of Columbia Circuit, and that court, on April 27, 1961, in a divided opinion, sustained the Board. Judges Miller and Danaher wrote the *per curiam* majority opinion, and Judge Edgerton wrote a dissenting opinion in which, for the reasons set forth therein, he would have set aside the Board's order.

REASONS FOR GRANTING THE WRIT

This case involves an important question of the application and administration of the National Labor Relations Act, as amended, which has not been, but should be, settled by this Court. Further, the decision below is in direct conflict with such decisions of this Court as *N.L.R.B.* v. *Wooster Div. of Borg Warner Corp.*, 356 U. S. 342, *N.L.R.B.* v. *American National Insurance Company*, 343 U. S. 395, and *Local 24 Teamsters Union* v. *Oliver*, 358 U. S. 283.

By its action in directing petitioners to cease seeking to obtain the protection of a performance bond in the collective agreement of Local 164, the Board has intruded deeply into the bargaining process. In so doing it has contravened Congressional intention to permit freedom and latitude in collective bargaining, and has ignored applicable precedents of this court. Instead of leaving the parties free to negotiate clauses affecting their relationship with each other and having direct relevance to terms and conditions of employment or questions arising thereunder, the Board

has undertaken to determine an important, customary and otherwise legal term of the agreement for them.

Aside from the basic legal principle involved in such an unwarranted intrusion into the bargaining process, this case involves the practical outlawing of an important subject matter of collective bargaining traditionally included in collective agreements in the building and construction industry, the garment industry, and in other industries where experience with marginal or otherwise undependable individual contractors or employers has required unions to insert similar performance bond clauses for the protection of the members and employees embraced under the agreement.[2]

This practice and tradition of including such clauses in collective agreements goes far to demonstrate that the performance bond clause must be regarded as within the area of "wages, hours and other terms or conditions of employment * * * or any question arising thereunder * * * " defined as proper subject matters of collective bargaining under Section 8 (d) of the Act. This Court stated in *Order of Railroad Telegraphers* v. *Railway Express Agency, Inc.*, 321 U. S. 342, at 346, that the term 'bargain collectively' as used in the Act "has been considered to absorb and give statutory approval to the philosophy of bargaining as worked out in the labor movement in the United States." (*cf.*, *N.L.R.B.* v. *American National Insurance Company* 343 U. S. 395, at 408).

As indicated above, Section 8 (d) of the Act declares that subject matters of collective bargaining include "wages, hours and other terms and conditions of employment, or

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[2] The prevalence of such clauses in American industry will be demonstrated if this petition is granted; the present record demonstrates such prevalence only in the painting industry (R. 3).

the negotiation of an agreement or any question arising thereunder. . . ." A bonding clause establishes as a condition of employment that employees will be able to perform work under the collective agreement with complete assurance that they will be paid in full for that work and that the other conditions and terms of the collective agreement will be lived up to. While the first concern of employees, and therefore of their bargaining representative, is that adequate wages, hours, seniority protections and fringe benefits be negotiated, it is of equally great concern that these wages and conditions, once agreed to, be realized. The responsibility of a bargaining representative does not end with its negotiation of satisfactory terms and conditions of work; it is also its responsibility to see to it that these terms are observed—that, if experience demonstrates the need, protections in this area be accorded.

As stated by Judge Edgerton below in his dissent:

> "The bonding proposal before us was petitioners' response to what they claimed were company breaches of a previous agreement. It was a 'direct frontal attack' upon a vital problem. Cf. Local 24, Teamsters Union v. Oliver, 358 U.S. 283, 294, 43 LRRM 2374. Provisions which tend to insure performance of the agreement 'materially affect' all its other provisions. Cf. National Labor Relations Board v. Lehigh Portland Cement Co., supra, 205 F. 2d at 823, 32 LRRM 2463."

The Board's position is even more difficult to understand when the purposes of the Act to prevent industrial strife are considered. The most practical and immediately effective (from the Union point of view) alternative to seeking the type of protection afforded by a performance bond would be for the Union to insist upon the right to strike during the term of the collective agreement in the event of substantial employer breach thereof. The Board has many

times held that the bargaining issue of a no-strike clause or the absence thereof in a collective agreement is a mandatory subject matter of bargaining under Section 8 (d) upon which the parties may insist to the point of impasse. See *Shell Oil Co.*, 77 NLRB 1036. Surely, the ultimate purpose of the Act is ignored and the Board acts anomalously when it gives a union the right to insist that the contract not contain a no-strike clause as a means of protecting against possible employer breaches of contract while at the same time it forbids a union from insisting upon a performance bond clause designed to achieve that same protection.[3]

In *N.L.R.B.* v. *American National Insurance Co.*, *supra*, this Court held that under Section 8 (d) of the Act Congress intended to give the bargaining parties great leeway in the choice of bargaining subjects each considered necessary to the protection of its interests, and held that the Board erred in finding an employer guilty of bargaining in bad faith merely because the employer insisted to the point of no agreement that a "management's rights" clause be included in the collective agreement for its protection. In the more recent case of *N.L.R.B.* v. *Borg-Warner*, *supra*, a majority of this Court agreed with the Board that there might be some few and exceptional issues which involve purely the internal operation of one of the parties and thus

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[3] That protection is even more important to unions and the employees they represent in view of the possibility that unions may not be able to bring suits for unpaid wage claims on their behalf, thus putting the individual members to the trouble and expense of litigation. See *Association of Westinghouse Salaried Employees* v. *Westinghouse Electric Company*, 348 U. S. 437. And it is significant that Congress recognizes the need for performance bond protection. In the Miller Act, 40 U.S.C., 270 A, 49 Stat. 793, Congress has provided that before any contract is awarded for public buildings for works worth over $2,000, the contractor must post a bond for "the protection of all persons supplying labor and material • • •"

were no business of the other party (in that case the employer's insistence on a clause under which the union would be required to take a strike vote of its members prior to being permitted to strike), but at the same time this Court affirmed its concept of good faith bargaining as set forth in the *American National Insurance* case and stated that Section 8 (d) must be given a broad application so as to include any issues which sought to regulate the relationship between the bargaining parties. The Court there, as in *American National Insurance*, warned the Board against intrusion into the bargaining process. That the Board has no function to suggest, approve, disapprove or interfere with the negotiation of any of the terms of the collective agreement other than those directly proscribed under the Act has been well established by this Court in other cases. See *Local 24, Teamsters Union* v. *Oliver*, 358 U. S. 283, 295, and *Local 1976, United Brotherhood of Carpenters* v. *N.L.R.B.*, 357 U. S. 93, 108. To quote briefly from the foregoing cases: "The goal of federal labor policy, as expressed in the Wagner and Taft-Hartley Acts, is the promotion of collective bargaining; to encourage the employer and the representative of the employees to establish, through collective negotiation, their own charter for the ordering of industrial strife." *Local 24, Teamsters Union* v. *Oliver*, *supra* at p. 295. What an agreement should contain "is an issue for determination across the bargaining table, not by the Board". *American National Ins. Co.*, *supra at* 409); the parties "are to work out their agreement themselves" *Local 24, Teamsters Union* v. *Oliver*, *supra*. The Board "has no general commission to police collective bargaining agreements and strike down contractual provisions in which there is no element of an unfair labor practice". *Local 1976, United Brotherhood of Carpenters* v. *N.L.R.B.*, *supra*, at p. 108.

CONCLUSION

The importance of the legal principle in this case, the practical result of the Board's decision in removing from the bargaining table a traditional and customary subject matter of collective bargaining, and the conflict of the decision below with other applicable decisions of this Court all warrant review by this Court. It is respectfully requested that this Petition for Writ of Certiorari be granted.

Respectfully submitted,

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APPENDIX A

LOCAL 164, PAINTERS v. NLRB
(Cheatham Painting Co.)

U.S. Court of Appeals District of Columbia Circuit

LOCAL 164, LOCAL 1287, and LOCAL 1010, BROTHERHOOD OF PAINTERS, AFL-CIO, et al. v. NATIONAL LABOR RELATIONS BOARD, No. 15643, April 27, 1961

Before WILBUR K. MILLER, Chief Judge, and EDGERTON and DANAHER, Circuit Judges.

Full Text of Opinion

PER CURIAM:—Local 164 of the Painters' union had had collective bargaining agreements with Cheatham Painting Company of Jacksonville, Florida, since 1945, until the latest of them expired in 1959. At bargaining meetings held prior to expiration, Local 164 submitted to the Company a new contract which covered wages, hours, and other terms and conditions of employment. Also included were two proposals which had not been submitted to other contractors in the area of the Local's jurisdiction, one of which reads:

> "Section 12: As a protection against possible violation of any of the terms or conditions of this collective agreement, the undersigned agrees to post a bond of $5,000, which bond will be forfeited and paid to the union in the event that it is found by the Joint Trade Board hereunder that said contractor has committed any substantial breach of this agreement or has failed to comply with any of the terms or conditions of employment specified thereunder."

The Company accepted the proposed contract in all respects except that it declined to agree to the inclusion of Section 12, and refused to sign unless that provision were

eliminated.[1] The Local would not sign the contract without the inclusion of Section 12. Because of this impasse, the union called strikes at all Cheatham jobs in Florida, and the three petitioning Locals obeyed the call. On the Company's charge of an unfair labor practice, the General Counsel of the Labor Board issued a complaint against the petitioners alleging, among other things, that in refusing to sign a contract embodying the wages, hours, and other terms and conditions of employment which had been agreed upon, unless the contract also provided for a performance bond, they had violated Section 8(b)(3) of the Labor Management Relations Act, 1947, 61 Stat. 136, 29 U.S.C. 158 (b) (3), which is as follows:

> "(b) It shall be an unfair labor practice for a labor organization or its agents—
> • • •
>
> "(3) to refuse to bargain collectively with an employer, provided it is the representative of his employees subject to the provisions of section 159(a) of this title; • • •."

The parties stipulated to the facts necessary to a determination, and waived their right to a hearing and to the issuance of a trial examiner's intermediate report and recommended order. Thereafter the Board issued a decision and order in which it held that, by refusing to sign a collective bargaining agreement unless it contained a provision requiring the employer to execute a performance bond, the petitioners had refused to bargain collectively with the

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[1] The employer and the union also failed to agree on the inclusion of another clause (Section 13) relating to employment of painters by the employer in areas outside of Jacksonville, but this issue is not in the case, the union not contesting the Board's order thereon. All other portions of the collective agreement were agreed to by both parties.

employer. The petitioners were ordered to cease and desist from "[i]nsisting * * * upon inclusion in the proposed contract of a clause requiring A. D. Cheatham Painting Company to post a performance bond * * *" and, upon request, to bargain collectively with the Company.

The petitioners and respondent, having respectively sought review and enforcement of the Board's order, stipulated that the only issue for our determination is the following:

> "Whether petitioners were guilty of a failure to bargain in good faith in violation of Section 8(b)(3) of the National Labor Relations Act by insisting, as a condition to agreement, that the collective bargaining contract contain a provision requiring the employer to post a performance bond."

"[W]ages, hours, and other terms and conditions of employment" are matters about which an employer and the representative of its employees must bargain in good faith: that is to say, under Section 8(d) of the Act, they are subjects of mandatory bargaining. But, those matters having been agreed upon, neither the employer nor the representative of its employees may refuse to enter into an agreement embodying them on the ground it does not include some provision about a matter which is not a mandatory subject of bargaining: such conduct is, in substance, a refusal to bargain about the subjects that are within the scope of mandatory bargaining. *National Labor Relations Board* v. *Wooster Division of Borg-Warner Corp.*, 356 U.S. 349, 42 LRRM 2034 (1958).

The question is, then, whether the union's demand that the company execute a performance bond is within the "other terms and conditions of employment," about which the Act requires the parties to bargain. In the statutory expression, "wages, hours, and other terms and conditions

of employment," the word "other" has significance: it shows that the terms and conditions of employment to which it refers are such as relate to the actual performance of labor in the same sense that wages and hours relate to that subject, or to the relations between the parties which result from the performance of work. So, we think the statutory language, "other terms and conditions of employment," refers to and includes only those provisions, in addition to wages and hours, which have to do with the actual performance of work or to subsequent relations.

The requirement of a performance bond has nothing to do with the performance of work, but is a condition which must be met before work is even undertaken. We are unwilling to say that a condition precedent to employment is a "condition to employment," such as wages and hours, within the meaning of the statute. It follows that, in our view, execution of a performance bond is not a condition of employment and, therefore, is not a subject of compulsory bargaining. Hence, under the Borg-Warner case, the union's conduct here was, in substance, a refusal to bargain about the subjects that are within the scop of mandatory bargaining.

It will be perceived from the language of Section 12, supra, that the union was demanding a bond which might be forfeited and the proceeds paid *to the union* should the contractor commit any "substantial breach" of the agreement or fail to comply "with any of the terms or conditions of employment specified thereunder." The union itself in proposing the language clearly recognized that terms or conditions of employment constituted subjects quite apart from liability to attach by virtue of the terms of the bond. There has been some suggestion that the clause is part of a proposed system of arbitration. The parties have exhibited no such arbitration plan. Congress, on the other

hand, *has* provided a remedy, available alike to an employer and a labor organization to be predicated upon a complaint of violation of a contract. The Supreme Court has held that 29 U.S.C. § 185 (1958), 61 Stat. 156, authorizes federal courts to fashion a body of federal-law for the enforcement of collective bargaining agreements. Textile Workers v. Lincoln Mills, 353 U.S. 448, 451, 40 LRRM 2113, 2120 (1957) [2]

The Court found that Congress in the 1947 amendment had expressed "a federal policy that federal courts should enforce these agreements on behalf of or against labor organizations [as well as employers] and that industrial peace can be best obtained only in that way." Id. at 455. We are persuaded that Borg-Warner, as noted, spelled out the matters concerning which the parties must bargain in good faith.[3] A performance bond is not among them, for Congress has provided a remedy to be available in the event of a breach of the contract.

Our position is supported by *National Labor Relations Board* v. *Dalton Tel. Co.*, 187 F.2d 811, 27 LRRM 2503, (5th Cir. 1951), where a somewhat similar factual situation presented the same legal question we have here. There the company and the union reached an impasse in bargaining negotiations when after all substantive issues had been

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[2] After this case reached our court the union stated, and the Board agreed, that petitioners had insisted that the agreement include Section 12 because a year earlier than the expiration of the Florida contract, the employer *in Georgia* and *within the jurisdiction of a different Local* was said to have violated certain working rules and practices *in Georgia*. It was further recited in a stipulation before us, "The company states that no such violations occurred." (Emphasis added.)

[3] The cases cited in the third paragraph of the dissenting opinion were all decided before the Borg-Warner opinion was issued.

agreed upon, the company insisted, as a condition precedent to the execution of a contract, that the union register under a provision of the Georgia Code so as to be subject to suit on its contract. The union refused. The Fifth Circuit said the employer "(by insisting that the union become an entity amenable to suit in the state courts, left the sphere of 'terms and conditions of employment,' and conditioned his willingness to sign the agreement on a matter outside the area of collective bargaining."[4]

The employer's demand in the Walton case, that the union become subject to suit for enforcement, of, or because of a violation of, the contract, is comparable with the union's demand in the present case that the company give bond to pay a penalty should it violate the contract. The latter is no more one of the "other terms and conditions of employment" than was the former. Following the holding of the Fifth Circuit which the Supreme Court declined to review,[5] we hold that in insisting upon a performance bond the union left the sphere of "terms and conditions of employment" and conditioned its willingness to sign the agreement on the matter outside the area of compulsory bargaining.

Petition to set aside denied and enforcement ordered.

Dissenting Opinion

EDGERTON, Circuit Judge, dissenting:—As to "wages, hours, and other terms and conditions of employment" § 8

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[4] The Board points out in its Decision and Order that it has long held that an employer's insistence upon the filing of a performance bond by the union is a violation of Section 8(a)(5) beginning with Jasper Blackburn Corporation, 21 N.L.R.B. 1240, 6 LRRM 169, down to Cosco Products Co., 123 N.L.R.B. 91, 43 LRRM 1534. And see International Brotherhood of Teamsters, et al., 87 N.L.R.B. 972, 25 LRRM 1202.

[5] 342 U.S. 824, 28 LRRM 2625 (1951).

of the Act requires the parties to bargain collectively and obligates neither party to yield. As to other matters the Act permits bargaining but is held to forbid insistence. *National Labor Relations Board* v. *Wooster Division of Borg-Warner Corp.*, 356 U.S. 342, 349, 42 LRRM 2034.

A bonding clause in a collective agreement is a means of enforcing the agreement. In my opinion it is a "condition of employment".[1] The "term 'bargain collectively' as used in the Act 'has been considered to absorb and give statutory approval to the philosophy of bargaining as worked out in the labor movement of the United States'. *Telegraphers* v. *Railway Express Agency*, 321 U.S. 342, 346, 14 LRRM 506 (1944)." *National Labor Relations Board* v. *American National Insurance Co.*, 343 U.S. 395, 408, 30 LRRM 2147.[2] Congress preferred the broad expression "wages, hours, and other terms and conditions of employment" to a House version that would have limited compulsory bargaining to wages, hours and other specified subjects. § 2 (11) H.R. 3020, 80th Cong., 1st Sess., Legis.Hist. LMRA pp. 166, 313-314, 812, 867, 1541. Even that House version, which its sponsor said "limits bargaining to matters of interest to the employer and to the individual man at work"[3] included administrative and procedural provisions relating to the foregoing subjects."

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[1] The court suggests it cannot be a "condition of employment" because it is "a condition which must be met before work is even undertaken • • • a condition precedent to employment". That the strikers would not work without the clause, which they were under no obligation to do if the clause is a "condition of employment", does not show it is not a condition of employment. The record does not show when the bond was to be posted. I think it does not matter.

[2] Some agreements in this industry have contained bonding provisions.

[3] H. Rep. No. 245, 80th Cong., 1st Sess., Legis. Hist. LMRA p. 298.

Courts have required bargaining about a great variety of matters that do not relate to the actual performance of work, including rentals of company houses, *National Labor Relations Board* v. *Lehigh Portland Cement Co.*, 4 Cir., 205 F.2d 821, 32 LRRM 2463; checkoff of union dues, *National Labor Relations Board* v. *Reed & Prince Mfg. Co.*, 1 Cir., 205 F.2d 131, 136, 33 LRRM 2133; group health and accident insurance, *W. W. Cross & Co.* v. *National Labor Relations Board*, 1 Cir., 174 F.2d 875, 24 LRRM 2068; a profit-sharing retirement plan, *National Labor Relations Board* v. *Black Clawson Co.*, 6 Cir., 210 F.2d 523, 33 LRRM 2567, (dictum); an employee stock purchase plan, *Richfield Oil Corp.* v. *National Labor Relations Board*, 97 U.S.App. D.C. 383, 231 F.2d 717, 37 LRRM 2327, a retirement and pension plan, *Inland Steel Co.* v. *National Labor Relations Board*, 7 Cir., 170 F.2d 247, 22 LRRM 2506; and union security, *National Labor Relations Board* v. *W. T. Grant Co.*, 9 Cir., 199 F.2d 711, 31 LRRM 2063, *National Labor Relations Board* v. *Andrew Jergens Co.*, 9 Cir., 175 F.2d 130, 24 LRRM 2096.[4]

The bonding proposal before us was petitioners' response to what they claimed were company breaches of a previous agreement.[5] It was a "direct frontal attack" upon a vital

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[4] National Labor Relations Board v. Dalton Tel. Co., 187 F.2d 811, 27 LRRM 2503, on which the court relies, held that requiring a union to register with a Georgia court so as to subject itself to suit under Georgia law was "outside the area of compulsory bargaining", but the Fifth Circuit reached that conclusion for a reason that has no application in the present case, namely: "The Supreme Court has held that the bargaining rights created by the National Labor Relations Act may not be conditioned upon compliance with state registration laws, Hill v. Florida, 325 U.S. 538, 16 LRRM 734 • • •." 187 F.2d at 812.

[5] In a supplemental prehearing-conference stipulation petitioners say they insisted upon the bond because the company had "violated working rules and practices • • • with which the company had agreed to conform." The Company says there had been no violations.

problem. Cf. *Local 24, Teamsters Union* v. *Oliver*, 358 U.S. 283, 294, 43 LRRM 2374. Provisions which tend to insure performance of the agreement "materially affect" all its other provision. Cf. *National Labor Relations Board* v. *Lehigh Portland Cement Co., supra*, 205 F.2d at 823, 32 LRRM 2463. "A collective bargaining agreement is an effort to erect a system of industrial self-government." *Steelworkers* v. *Warrior & Gulf Co.*, 363 U.S. 574, 580, 46 LRRM 2416.

Various proposals aimed, like the bonding clause, at enforcement of the collective agreement have long been regarded as within the mandatory bargaining requirement. An employer may insist on a no-strike clause. Lloyd A. Fry Roofing Co., 123 NLRB 647, 649, 43 LRRM 1507; Shell Oil Co., 77 NLRB 1306, 22 LRRM 1158; cf. *National Labor Relations Board* v. *Wooster Division of Borg-Warner Corp., supra*, 356 U.S. at 350, 42 LRRM 2034; *National Labor Relations Board* v. *American National Insurance Co., supra*, 343 U.S. at 408, 30 LRRM 2147, n. 22. It can hardly be questioned that, conversely, a union may insist on the absence of such a clause. It would be anomalous to interpret a statute intended to promote industrial peace as allowing insistence on a right to strike and yet forbidding insistence on a performance bond, which is a more peaceable means of enforcing compliance with a contract. No doubt a union may insist on a provision for arbitration. Cf. U. S. Gypsum Co., 94 NLRB 112, 28 LRRM 1015 (order amended on other grounds, 97 NLRB 889, 29 LRRM 1171). The bonding clause before us would apply only "in the event it is found by the Joint Trade Board hereunder" that the employer has committed a substantial breach of the agreement. It seems clear therefore that the clause, if adopted, would have been part of a system of arbitration.[6]

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[6] The contract terms to which the parties agreed, in the pending contract or in previous contracts, are not in the present record.

The Supreme Court has held that the phrase "terms and conditions of employment" is not so broad as to cover clauses which did not recognize a certified bargaining agent and required a secret pre-strike ballot. *National Labor Relations Board* v. *Wooster Division of Borg-Warner Corp., supra.* But the Court's reasons for holding that such clauses were not "terms and conditions of employment" do not touch the many cases construing the phrase broadly, and they do not apply to the bonding clause in suit.[7] This bonding clause would enforce compliance with the agreement by providing a private remedy in case of breach, but would not conflict with the statutory scheme reflected in § 301 of the Act,[8] which permits suit in a federal court for violation of an agreement. The Supreme Court has upheld enforcement, in suits under § 301, of an agreement to arbitrate, *Textile Workers* v. *Lincoln Mills*, 353 U.S. 448, 40 LRRM 2113, 2120; *Steelworkers* v. *American Mfg. Co.*, 363 U.S. 564, 46 LRRM 2414; *Steelworkers* v. *Warrior & Gulf Co., supra;* and of an arbitrator's award of damages, *Steelworkers* v. *Enterprise Corp.*, 363 U.S. 593, 46 LRRM 3006. The Court clearly finds no conflict between the remedy in § 301 of the Act and remedies which the parties create in the collective agreement.

Proposals that cannot be insisted upon are the less likely to be adopted.[9] To exclude bonding provisions from the

[7] The Court said the pre-strike ballot clause "deals only with the relations between employees and their unions", "substantially modifies the collective-bargaining system provided for in the statute by weakening the independence of the 'representative' chosen by the employees", and "enables the employer, in effect, to deal with its employees rather than with their statutory representative." The Court said the recognition clause was "an evasion" of the statutory duty "to bargain with the certified representative." 356 U.S. 342, 350, 42 LRRM 2034.

[8] 29 U.S.C. § 185, 61 Stat. 156.

[9] Cf. dissenting opinion of Mr. Justice Harlan in National Labor Relations Board v. Wooster Division of Borg-Warner Corp., supra, 356 U.S. at 352-3, 42 LRRM 2034.

scope of § 8(d) goes a long way toward excluding them from collective agreements. In 1947, when Congress adopted § 8(d), it expressed the fear that the Board had "gone very far, in the guise of determining whether or not employers had bargained in good faith, in setting itself up as the judge of what concessions an employer must make and of the proposals and counterproposals that he may or may not make." H.Rep.No. 245, 80th Cong., 1st Sess. 19 (1947); *American National Insurance Co.* v. *National Labor Relations Board,* 343 U.S. at 404, 30 LRRM 2147. After Borg-Warner, and only last year, the Supreme Court said: "* * * it remains clear that § 8(d) was an attempt by Congress to prevent the Board from controlling the settling of the terms of collective bargaining agreements * * * Congress intended that the parties should have wide latitude in their negotiations, unrestricted by any governmental powers to regulate the substantive solution of their differences. * * * Our labor policy is not presently erected on a foundation of government control of the results of negotiations." *National Labor Relations Board* v. *Insurance Agents,* 361 U.S. 477, 487, 488, 490, 45 LRRM 2704 (1960). Section 8(d) provides that the obligation to bargain "does not compel either party to agree to a proposal or require the making of a concession." It is "clear that the Board may not, either directly or indirectly, compel concessions or otherwise sit in judgment upon the substantive terms of collective bargaining agreements." *National Labor Relations Board* v. *American National Insurance Co., supra,* 343 U.S. at 404, 30 LRRM 2147.

These considerations require a broad interpretation of the "terms and conditions of employment" concerning which bargaining is required and insistence is permitted. I would set aside the Board's order.

SUPREME COURT, U. S.
JUL 17 1961
JAMES R. BROWNING, Clerk

No. 151

In the Supreme Court of the United States

OCTOBER TERM, 1961

LOCAL 164, INTERNATIONAL BROTHERHOOD of PAINTERS, DECORATORS, and PAPERHANGERS of AMERICA, AFL-CIO, ET AL., *Petitioners*

v.

NATIONAL LABOR RELATIONS BOARD

On Petition for Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

---

BRIEF FOR THE NATIONAL LABOR RELATIONS BOARD IN OPPOSITION

ARCHIBALD COX,
Solicitor General,
Department of Justice,
Washington 25, D. C.

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General Counsel,

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INDEX

	Page
Opinions below	1
Jurisdiction	1
Question presented	2
Statute involved	2
Statement	2
A. The stipulated facts	2
B. The Board's conclusions	4
C. The decision of the court of appeals	5
Argument	5
Conclusion	10

CITATIONS

CASES:

Cosco Products Co., 123 NLRB 766	7
Interstate Steamship Co., 36 NLRB 1307	7
Jasper Blackburn Products Corp., 21 NLRB 1240	7
National Labor Relations Board v. *Borg-Warner Corp.*, 356 U.S. 342	4, 5, 6
National Labor Relations Board v. *Dalton Telephone Co.*, 82 NLRB 1001, 187 F. 2d 811, certiorari denied, 342 U.S. 824	5, 7, 8
National Labor Relations Board v. *I.B.S. Mfg. Co.*, 96 NLRB 1263, 210 F. 2d 634	7, 8
National Labor Relations Board v. *F.M. Reeves & Sons, Inc.* (C.A. 10), No. 6125, January 19, 1961, 47 LRRM 2480, certiorari denied, 366 U.S. 914	8
National Labor Relations Board v. *Taormina*, 207 F. 2d 251, petition to adjudge in contempt denied, 244 F. 2d 197	7, 8
National Labor Relations Board v. *Tower Hosiery Mills, Inc.*, 180 F. 2d 701, certiorari denied, 340 U.S. 811	7
Scripto Mfg. Co., 36 NLRB 411	7
Standard Generator Service Co. v. *National Labor Relations Board*, 90 NLRB 790, 186 F. 2d 606	7
Teamsters (Conway's Express), 87 NLRB 972, 195 F. 2d 906	6

Page

STATUTE:

National Labor Relations Act, as amended (61 Stat. 136, 29 U.S.C. 151, *et seq.*):
Section 8(b)(3) 4
Section 8(d) 4

MISCELLANEOUS:

Cox, *Labor Decisions of the Supreme Court at the October Term, 1957*, 44 Va. L. Rev. 1057 (1958) 7
Cox, *The Duty to Bargain in Good Faith*, 71 Harv. L. Rev. 1401 (1958) 7
H. Conf. Rep. No. 510, 80th Cong., 1st Sess. 8
H. Rep. No. 245, 80th Cong., 1st Sess. 8
Leg. History of the Labor-Management Relations Act, 1947 (G.P.O., 1948) 8
S. Rep. No. 105, 80th Cong., 1st Sess. 8

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BRIEF FOR THE NATIONAL LABOR RELATIONS BOARD IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. 11-21) is not yet reported. The decision and order of the National Labor Relations Board (R. 8-27)[1] are reported at 126 NLRB 997.

JURISDICTION

The court of appeals entered its judgment on April 27, 1961, and its decree on June 13, 1961. The petition for certiorari was filed on June 15, 1961. The juris-

[1] "R." refers to the joint appendix filed in the court of appeals.

diction of this Court is invoked under 28 U.S.C. 1254(1).

QUESTION PRESENTED

Whether a labor organization violates its obligation to bargain under Section 8(b)(3) and 8(d) of the National Labor Relations Act by insisting that it will not enter into a contract covering wages, hours, and other terms and conditions of employment unless the employer agrees to post a performance bond which would be forfeited to the union in the event the employer violated the contract.

STATUTE INVOLVED

The relevant provisions of the National Labor Relations Act, as amended, appear at pp. 2-3 of the Petition.

STATEMENT

A. The Stipulated Facts[2]

Petitioner Local 164 was the bargaining representative of the painters employed by A. D. Cheatham Painting Company at Jacksonville, Florida. A two-year collective agreement was due to expire May 31, 1959, and in the two weeks preceding its expiration the parties met in four bargaining sessions in an effort to negotiate a new agreement.

Acting at these sessions as spokesman for Local 164 and upon instructions from the petitioner International, petitioner Johns submitted to the Company a proposed contract containing two clauses which were not included in the contract proposals which Local 164

[2] The following statement is a paraphrase of the stipulated facts set forth at R. 1-7.

had submitted at the same time to other contractors in the area within its jurisdiction. These clauses provided as follows:

> Section 12: As a protection against possible violations of the terms or conditions of this collective agreement, the undersigned agrees to post a bond of $5,000, which bond will be forfeited and paid to the Union in the event that it is found by the Joint Trade Board hereunder that said contractor has committed any substantial breach of this agreement or has failed to comply with any of the terms or conditions of employment specified hereunder.
>
> Section 13: The Employer, signatory to this agreement, hereby stipulates and agrees that on all work pertaining to our trade, which he obtains in localities outside the jurisdiction of this agreement, he will employ three journeymen who are residents of, or are regularly employed in the area of the job or project for every supervisor, journeyman or apprentice that he employs from his home area or from areas outside of the location of said job or project.

The Company agreed to accept all the other terms of the proposed contract, but refused to accept Sections 12 and 13. The Union, however, throughout the negotiations, insisted that these two provisions must be included in the contract.[3] The Union subsequently contended before the Board that it insisted on Section 12 (the performance bond) because the Company had previously violated the working rules and practices of

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[3] There is no support in the record for the union's assertion (Pet. 4, n. 1) that the "amount of the bond was at all times open for negotiation."

Painters Local 193 at Atlanta, Georgia, in breach of an agreement to conform to such rules. The Company denied that such violations had occurred.[4]

At the final meeting held on May 30, 1959, the Company requested that the expiration date of the contract scheduled to expire on the following day be extended. During the meeting, Johns referred this request to the International for decision. At the same time, Johns asked the Company to submit a counterproposal to Sections 12 and 13. The Company, however, refused to do so until the question of the interim extension of the existing contract was resolved. Subsequently, the International refused permission to extend the contract beyond the May 31 expiration date. Thereupon, no counterproposal to Sections 12 and 13 was made by the Company.

Upon the expiration of the contract, the International directed that work stoppages be called on all the Company's projects. Pursuant to these instructions, petitioner Locals 164, 1287, and 1010 struck the Company's jobs in Jacksonville, Indian River City, and Orlando, Florida.

B. The Board's Conclusions

The Board held that the clauses demanded by the Union did not constitute "wages, hours, and other terms and conditions of employment" within the meaning of Section 8(d) of the Act, so that under *National Labor Relations Board* v. *Borg-Warner Corp.*, 356 U.S. 342, insistence thereon as a condition to entering into a contract violated the statutory bargaining obligation

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[4] The Union conceded in the court below that its insistence on Section 13 to the contract could be enjoined as violative of Section 8(b)(3) of the Act. See R. 5, 16-18.

(R. 14-17). The Board ordered the Union, *inter alia*, to cease and desist from insisting on such clauses in collective bargaining negotiations with Cheatham, and, upon request, to bargain collectively with it (R. 22-23).

C. The Decision of the Court of Appeals

The court of appeals, by a divided vote, sustained the Board's conclusion that a performance bond did not fall in the category of "wages, hours, and other terms and conditions of employment," and that hence, under the *Borg-Warner* case, the Union's conduct amounted to a refusal to bargain (Pet. 14).[5] The court noted that its decision was in accord with *National Labor Relations Board* v. *Dalton Tel. Co.*, 187 F. 2d 811 (C.A. 5), certiorari denied, 342 U.S. 824, holding that an employer could not lawfully insist on a contractual provision requiring the union to submit to suit on the contract in the state courts (Pet. 15-16). Judge Edgerton, dissenting, was of the view that a performance bond was within the area of mandatory bargaining under the Act (Pet. 20-21).

ARGUMENT

In *National Labor Relations Board* v. *Borg-Warner Corp.*, 356 U.S. 342, the Court held that it is a violation of the Act's bargaining requirements to condition agreement upon subjects which do not constitute "wages, hours, and other terms and conditions of employment." This case presents the narrow question whether a performance bond, insisted upon by the union and payable to it in the event the employer vio-

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[5] The Union consented to the entry of a decree with respect to its insistence on the residence clause (see n. 4, *supra*).

lated the contract, is outside the area of "wages, hours and other terms and conditions of employment" (as the Board and the court below found), or within it (as petitioners contend). We submit that the issue does not warrant review by this Court.

1. As the Board's decision shows (R. 15), this is only the second case in its history (the first to reach the courts)[6] involving a union's insistence on a performance bond. While such bonds have occasionally been included in collective agreements (R. 3, n. 4; 15, n. 4), this establishes no more than that such a clause "is lawful in itself" and "would be enforceable if agreed to." *National Labor Relations Board* v. *Borg-Warner Corp.*, 356 U.S. 342, 349; see also *id.* at 359, n. 2 (dissenting opinion). The question whether unions may *insist* on such bonds is thus unique and presents no problem of consequence in the administration of the Act.

2. A demand for a performance bond does not fall readily into the phrase "wages, hours, and other terms and conditions of employment."[7] It deals exclusively with sanctions for violations. Unlike grievance and arbitration clauses and other procedural rules for re-

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[6] Although the earlier case, *Teamsters (Conway's Express)*, 87 NLRB 972, 978-979, was the subject of judicial proceedings (195 F. 2d 906 (C.A. 2)), the Board's ruling on the bond issue was not contested.

[7] The most natural reading of the phrase is that it encompasses the terms or conditions under which the employees work. Pensions, union security, and the related subjects mentioned by the dissenting judge (Pet. 18) fall in this category. That the bond in the instant case was removed from the employees' conditions of employment is further shown, as the court below noted (Pet. 14), by the fact that the proceeds were to be "paid *to the union* should the contractor commit any 'substantial breach' of the agreement."

solving disputes over the meaning of an agreement or filling up its interstices, performance bonds do not relate directly or indirectly to any conditions of employment and have not been traditional subjects of collective bargaining. The widespread introduction of such demands into collective bargaining would tend to confine the successful negotiation of collective agreements to parties who are financially responsible, even though the statutory policy is equally applicable to impecunious employers and labor unions.

3. There are opposing considerations which have led to criticism of the entire course of prior decisions on the issues underlying the present case.[8] But the decision below rests squarely upon an established line of National Labor Relations Board precedents holding it to be an unfair labor practice for an employer to insist that a union incorporate or post a performance bond in order to establish its legal responsibility under a collective bargaining agreement.[9] The courts of appeals have generally approved those rulings.[10] This

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[8] See Cox, *The Duty to Bargain in Good Faith*, 71 Harv. L. Rev. 1401, 1410, note 36 (1958); Cox, *Labor Decisions of the Supreme Court at the October Term, 1957*, 44 Va. L. Rev. 1057, 1074-1086, esp. 1080-1081 (1958).

[9] *Jasper Blackburn Products Corp.*, 21 NLRB 1240 (1940); *Scripto Mfg. Co.*, 36 NLRB 411 (1941); *Interstate Steamship Co.*, 36 NLRB 1307 (1941); *Dalton Telephone Co.*, 82 NLRB 1001 (1949); *Standard Generator Service Co.*, 90 NLRB 790 (1950); *I.B.S. Mfg. Co.*, 96 NLRB 1263 (1951); *Cosco Products Co.*, 123 NLRB 766 (1959).

[10] *National Labor Relations Board* v. *Tower Hosiery Mills, Inc.*, 180 F. 2d 701 (C.A. 4), certiorari denied, 340 U.S. 811; *Standard Generator Service Co.* v. *National Labor Relations Board*, 186 F. 2d 606 (C.A. 8); *National Labor Relations Board* v. *Dalton Telephone Co.*, 187 F. 2d 811 (C.A. 5), certiorari denied, 342 U.S. 824; *National Labor Relations Board* v. *Taormina*, 207 F. 2d 251

Court has twice denied certiorari.[11] Furthermore, although Congress, when it revised the Wagner Act, was well aware of the rule that it was an unfair labor practice for an employer to insist upon such a demand, the amendments did not repudiate the Board's decisions.[12]

Under these circumstances, we submit, the narrow question presented by this petition does not warrant further review.

(C.A. 5), petition to adjudge in contempt denied, 244 F. 2d 197 (C.A. 5); *National Labor Relations Board* v. *F.M. Reeves & Sons, Inc.* (C.A. 10), No. 6125, January 19, 1961, 47 LRRM 2480, certiorari denied, 366 U.S. 914. But cf., *National Labor Relations Board* v. *I.B.S. Mfg. Co.*, 210 F. 2d 634 (C.A. 5).

[11] See *Dalton* and *Reeves*, note 10, *supra*.

[12] See H. Rep. No. 245, 80th Cong., 1st Sess., pp. 19-20, Leg. Hist. of the Labor-Management Relations Act, 1947 (G.P.O., 1948), pp. 310-311. See also, S. Rep. No. 105, 80th Cong., 1st Sess., p. 24; H. Conf. Rep. No. 510, 80th Cong., 1st Sess., pp. 34-35, Leg. Hist., pp. 430, 538-539.

CONCLUSION

For the reasons stated above, the petition for a writ of certiorari should be denied.

Respectfully submitted,

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JULY, 1961.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961

NO. 151

LOCAL 164, LOCAL 1287, AND LOCAL 1010, each affiliated with THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND DAVID W. JOHNS, AGENT FOR LOCAL 164,

Petitioners,

v.

THE NATIONAL LABOR RELATIONS BOARD,

Respondent.

REPLY OF PETITIONERS TO OPPOSITION BRIEF FOR THE NATIONAL LABOR RELATIONS BOARD

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IN THE

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OCTOBER TERM, 1961

LOCAL 164, LOCAL 1287, AND LOCAL 1010, each affiliated with THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND THE INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS AND PAPERHANGERS OF AMERICA, AFL-CIO; AND DAVID W. JOHNS, AGENT FOR LOCAL 164,

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Respondent.

REPLY OF PETITIONERS TO OPPOSITION BRIEF FOR THE NATIONAL LABOR RELATIONS BOARD

1. The brief filed by the NLRB in opposition to this petition for writ of certiorari suggests that this case presents merely a narrow question of law, having little impact in the administration of the National Labor Relations Act or the collective bargaining process. Petitioners assert on the contrary that the issue herein goes to fundamentals in both those areas. The Board's order in the instant case is a negation of the basic principle, expounded by this Court in *NLRB* vs. *National Insurance Company* 343 U.S. 395 and

NLRB vs. *Borg-Warner Corporation* 356, U.S. 342, that the Board shall not intrude itself in the bargaining process or attempt to prescribe for the parties the substantive terms of collective agreements. Performance bond clauses appear in agreements much more than "occasionally" (Board Brief, Page 6); as will be fully demonstrated if this petition is granted, such clauses are common in the construction, garment, textile and other industries and are essential to the maintenance of effective collective bargaining relationships therein. And while the present case may be only the second case involving a union demand for an employer performance bond, or the first to reach the courts, that fact can as well demonstrate acceptance of the issue as a bargainable one so general and for so long a period as to give rise to no challenge until the present one; it in no way detracts from the fact that the performance bond clause does constitute an important substantive term of numerous collective agreements in many industries—a subject matter now threatened with extinction by any employer desiring to oppose secure in the knowledge that the union, if the Board's decision stands, cannot use its traditional economic weapons to obtain the clause or continue it in the future.

The fact that employee performance bond clauses are customarily included in collective agreements goes far in itself to demonstrate that the clause constitutes a term or condition of employment, namely that the employees perform the work required by the agreement under conditions which insure full compliance with the reciprocal obligations of the employer or that they not perform work at all. In this respect, a performance bond clause is like a safe work clause which insures employees that they work under safe conditions if they are to work at all.

2. It is not sound to suggest, as does the Board in its Opposition (Page 7), that widespread demands for a performance bond clause would confine negotiations to the financially responsible employers. Such clauses are presently found most often in industries where marginal employers abound, without such consequences resulting, and

in any event the amount of the bond, as in the present case, can be made dependent on the employer's financial condition.* Surely, it is more consistant with the ultimate purpose of the Act to permit unions to look to such a bond rather than to resort to the disruptive weapon of the strike to obtain compliance.

3. Finally, the fact that there exists a line of Board and court precedent forbidding employer insistence on a union performance bond affords no compelling reason for denying consideration of this petition. To begin with, there appears to be a split in Court of Appeals authority respecting the legality of such employer requests (see *E. G. NLRB* v *IBS Manufacturing Company* 210 F. 2d 634 (C. A. 5), and in view of this Court's further elucidation of the legal principles involved in Borg-Warner, supra, which case was decided after the decisions set forth in Footnote 10 of the Board's Opposition (page 7), there is room for argument that an employer request for a performance bond by the union constitutes at least a bargainable issue (see Footnote 8, Board Opposition, Page 7). Furthermore, none of the court decisions set forth in such Footnote 10 hold, as the Board did here, that the mere insistence on a performance bond was, *per se*, illegal; where the issue was discussed at all, the court merely found that such insistence, taken together with numerous other factors not present in this case, constituted evidence of bad faith bargaining. In any event, entirely different considerations are operative in respect to a union demand that an employee post a performance bond which distinguish that request from a similar request by an employer. An employer has readily available to it many more means of effecting compliance with the contract by the union and the employees involved than does

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*** Contrary to the Board's statement in Footnote 3, page 3 of its Opposition, that there is no support on the record for the union's assertion that the amount of the bond was at all times open for negotiation, petitioners submit that their request for the company's submission of a counter proposal to Section 12 and the employer's refusal to make any such counter proposal (Board Opposition, page 4) constitutes ample such support.**

the union vis-a-vis the employer; among other things the employer is free to immediately discharge "wild catters" or other employees who engage in contract breaches, or, failing that, is usually better able to undertake the expense of litigation.

There is nothing more vital to the collective bargaining process than that it remain free from unchannelled administrative intervention, and nothing more destructive thereof than that traditional and customary substantive provisions of collective agreements be subjected to Board veto or approval absent specific congressional directives.

It is submitted that this case involves an important question in the administration of the Act and of the Board's ability to determine for the parties important substantive terms of collective agreements. The decision of the Board is in direct variance with the decisions of this Court in American National Insurance and Borg-Warner, supra, and warrants review by this Court.

Respectfully submitted,

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SEP 25 196
JAMES R. BROWNING, Clerk

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v.

NATIONAL LABOR RELATIONS BOARD

On Petition for Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

---

STATEMENT OF ASSOCIATED PLUMBING, HEATING, AND PIPING CONTRACTORS OF ARIZONA, AMICUS CURIAE

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In the Supreme Court of the United States

OCTOBER TERM, 1961

LOCAL 164, INTERNATIONAL BROTHERHOOD OF PAINTERS, DECORATORS, AND PAPERHANGERS OF AMERICA, AFL-CIO, ET AL., *Petitioners*

V.

NATIONAL LABOR RELATIONS BOARD

On Petition for Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit

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STATEMENT OF ASSOCIATED PLUMBING, HEATING, AND PIPING CONTRACTORS OF ARIZONA, AMICUS CURIAE

This memorandum is filed in the name of the Associated Plumbing, Heating and Piping Contractors of Arizona, but at the behest of a number of contractors associations in Arizona, New Mexico, California, Utah, and Washington. The Amicus appreciates the courtesy of the parties in consenting to the filing. We do file to express the view of these employers in the construction industry in the western region, where bonds are being extensively used, that the bond question is of such substantial importance as to warrant review here.

1. The government's memorandum says that the questions of whether unions may insist on bonds in "unique," and presents "no problem of consequence in the administration of the act."

It says further that they do not "relate directly or indirectly to any conditions of employment."

2. We file this statement to note our disagreement. Performance bonds, whether of the surety or cash variety, are invaluable to insure the payment of fringe benefits. The amount specified for welfare, pensions, vacations, industry promotional funds, apprenticeship, or other "fringe" purposes are in any given case likely to be fairly small. Bonds give a ready means of collection.

The position of the Court below and of the government is to force the parties off this handy method of contract enforcement, and either to compel the union to strike or the fringe benefit trust to sue to collect. Either would be a classic case of using a trip hammer to crack a peanut; those classical but overly energetic methods are not suitable for these small claims.

3. This problem is especially serious in the construction industry where the claims are particularly likely to be small. These employers have supported a system either of surety bonds, or of cash bonds, or even of advance payments which have the same practical effect as cash bonds.

These employers support this approach because it insures *streamlined* collection. These are highly organized industries. We cannot afford a system in which fringe benefit payments are enforced as to some and not as to others. Hence such systems are highly desirable, but to insure uniformity, they must be within the scope of mandatory bargaining if they are to survive.

4. We appreciate the implications of the government observation that bargaining is not to be restricted to the "financially responsible." If the Court below or the Board had rested on the proposition that the bond was excessive, or that 8(d) bargaining is restricted to "reasonable" security, we should not complain.

But the position here taken knocks out the most useful device yet discovered for enforcing fringe payments. The bonds in one

form or another are far from "unique," and *do* relate in the most immediate way to conditions of employment. We respectfully submit that the matter is important enough to warrant the consideration of this Court and that certiorari should be granted.

Respectfully submitted,

John P. Frank

September, 1961